

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Presentation by LSA Fiscal Services Division
January 19, 2012

Department of Transportation

- Created in 1974 by 65th General Assembly
 - ◆ Began operating in 1975
 - ◆ Manage and maintain more than 9,400 miles of State-owned highways and ramps and 4,200 bridges
 - ◆ License drivers, oversee collection of vehicle titles and registration fees
 - ◆ Enforce all federal and State transportation laws and regulations
 - ◆ Develop passenger rail services; deliver air transportation services; provide assistance to public transit agencies; assist in development of multiuse trails
 - ◆ Regulate vehicle dealers, recyclers, leasing companies, and manufacturers
 - ◆ Support transport of commodities through more than 11,400 miles of pipeline

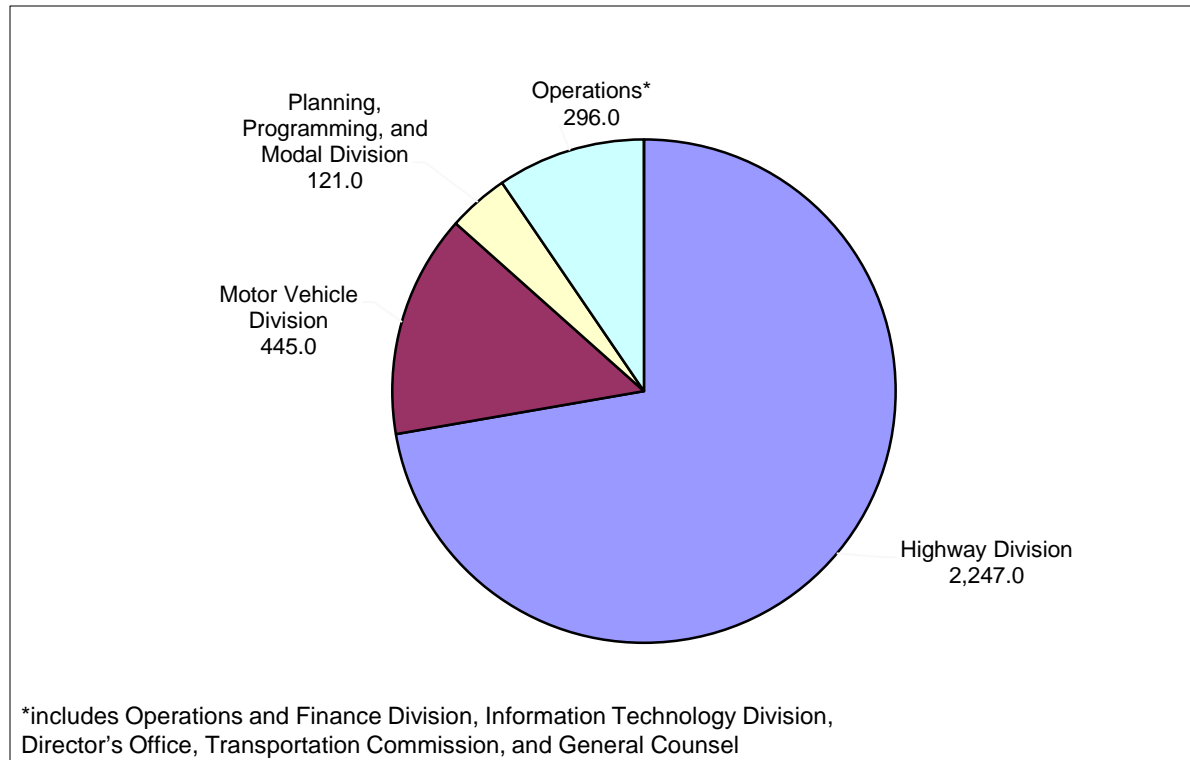
Department of Transportation

The Department's budget is funded from two sources:

- Road Use Tax Fund (14.0%)
- Primary Road Fund (86.0%)
 - ◆ Primary Road Fund moneys originate from the Road Use Tax Fund
- For estimated FY 2012 - DOT appropriations - \$346.0 million
 - ◆ \$298.3 million from Primary Road Fund
 - ◆ \$47.6 million from Road Use Tax Fund
 - ◆ FTEs authorized - 3,109.0

FTEs Authorized in HF 683

FY 2012 Transportation Appropriations Act



- HF 683 authorized 3,109.0 FTE positions for FY 2012
- DOT estimated 2,870.0 FTE positions for FY 2013 and the Governor concurred

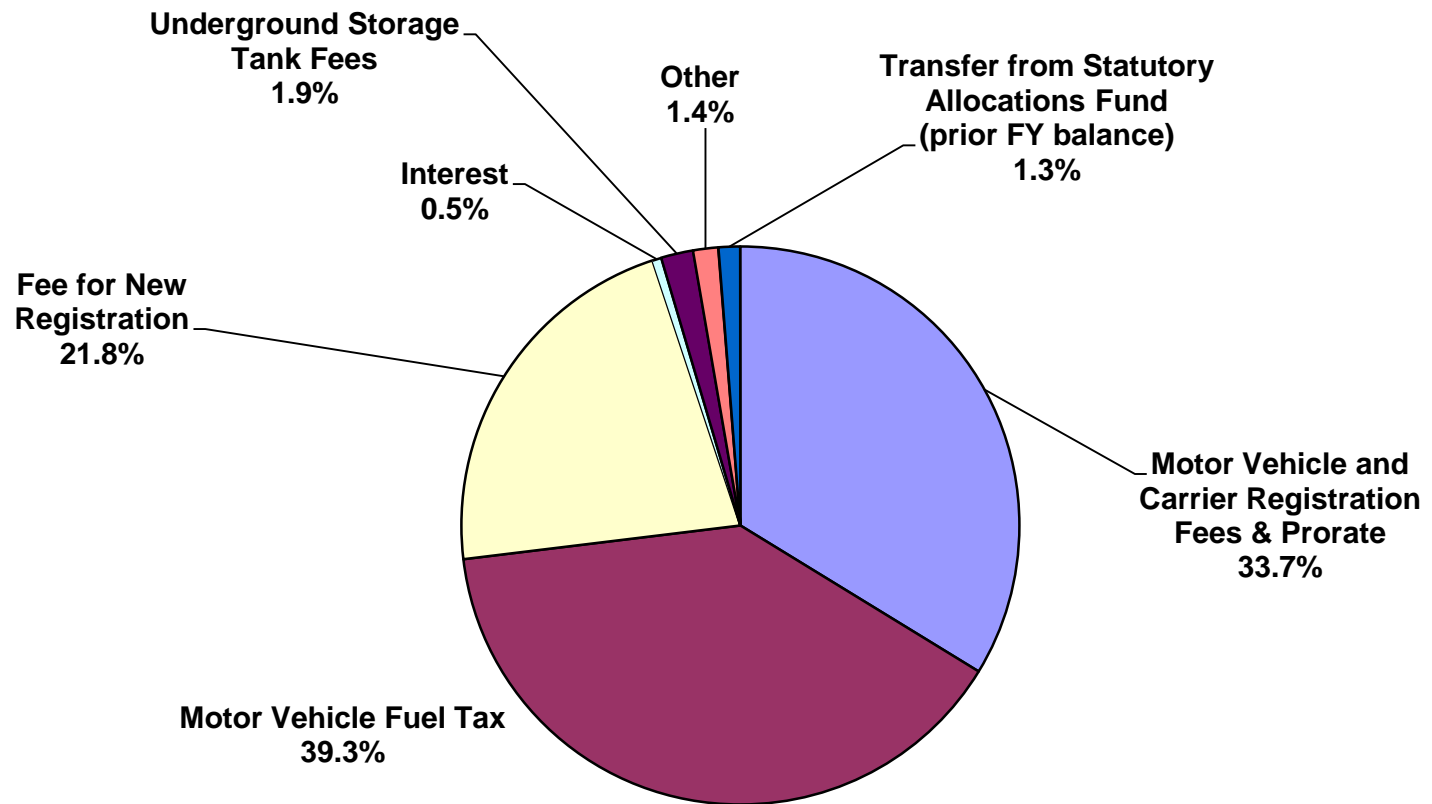
Road Use Tax Fund (RUTF)

- 2008 Session – SF 2420 (TIME-21 Act) restructured the revenues for the RUTF
- Current revenues include:
 - ◆ Motor vehicle fuel taxes
 - ◆ Motor vehicle and motor carrier registration fees
 - After fees reach \$392.0 million, the remaining amount collected for the fiscal year are transferred to the TIME-21 Fund
 - ◆ Fee for new registration
 - 5.0% tax on vehicle purchase - replaced motor vehicle use tax - now constitutionally protected
 - ◆ Other - including interest, underground storage tank fees, permits, special plates, balance from Statutory Allocations Fund

Road Use Tax Fund Revenues

Estimated FY 2013

\$1.162 billion



Road Use Tax Fund

Off-the-Top Allocations and Appropriations

Examples

- Statutory Allocations (§ 312.2)
 - ◆ Primary Road Fund – Commercial & Industrial Network
 - ◆ Revitalize Iowa's Sound Economy (RISE)
 - ◆ Park and Institutional Roads
 - ◆ Highway Safety Projects
 - ◆ Living Roadway Trust Fund
 - ◆ City/County Bridge Funds
 - ◆ County Treasurers Equipment
 - ◆ Driver's License Personal Delivery of Service
- Annual Appropriations
 - ◆ DOT Motor Vehicle Division
 - ◆ Driver's License Costs (Lease)
 - ◆ 511 Travel/Weather Information Systems
 - ◆ State Auditor Reimbursement
 - ◆ DAS Utility Services
 - ◆ DIA – Driver License Revocation Hearings
 - ◆ Workers Compensation
 - ◆ Unemployment Compensation
 - ◆ MVD Field Facility Maintenance

Road Use Tax Fund Distributions

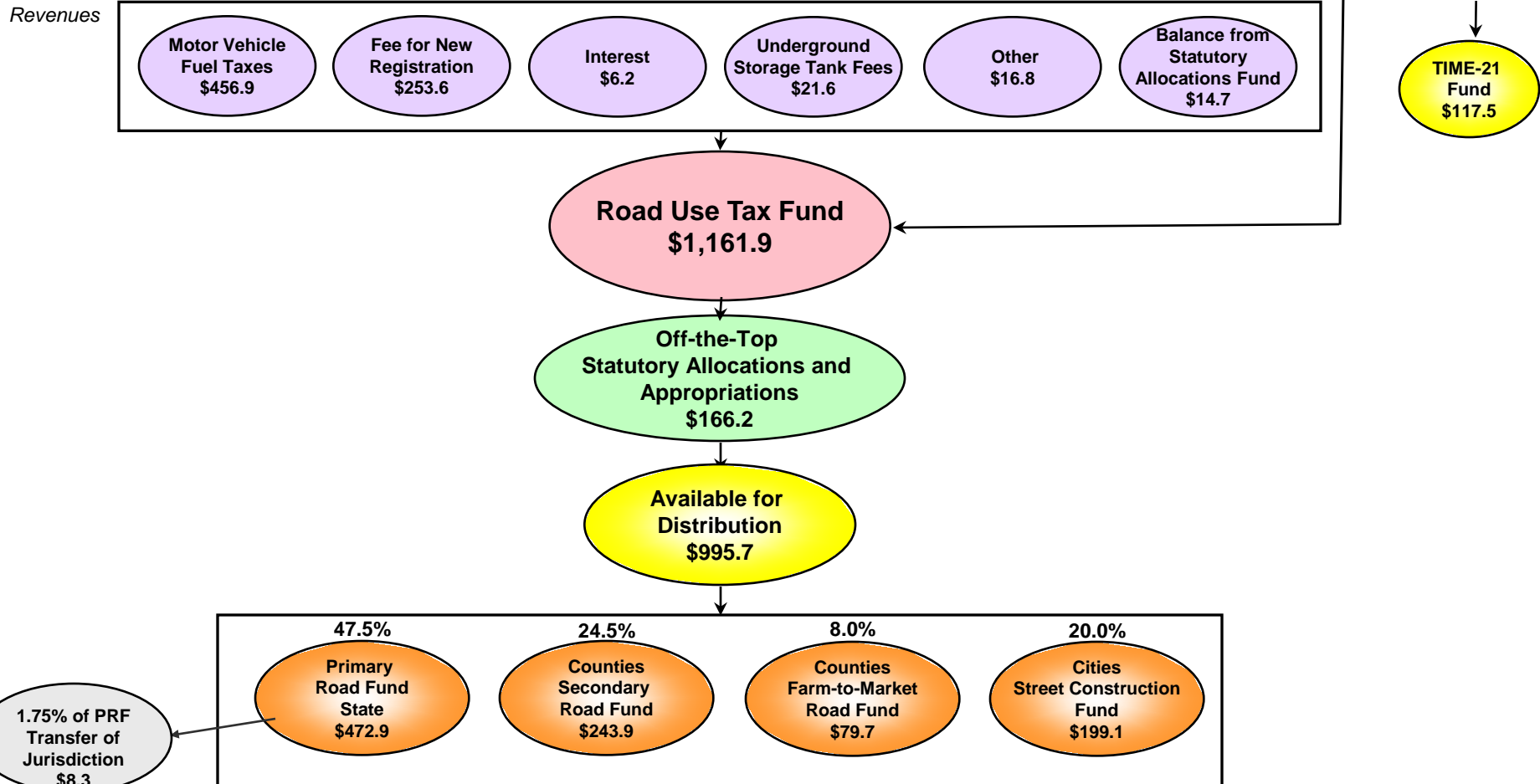
In accordance with Iowa Code section 312.2

- After the Off-the-Top Allocations and Appropriations – RUTF funds disbursed as follows:
 - ◆ Primary Road Fund (State) - 47.5%
 - 1.75% of this distribution goes to the Transfer of Jurisdiction Fund
 - ◆ Secondary Road Fund (Counties) - 24.5%
 - ◆ Farm-to-Market Road Fund (Counties) - 8.0%
 - ◆ Street Construction Fund (Cities) - 20.0%

Road Use Tax Fund Revenues and Allocations

Estimated FY 2013 (dollars in millions)

Motor Vehicle Registration Fees \$509.5 million	
\$392.0 Million	Fees in Excess of \$392.0 million



Note: Numbers may not total due to rounding.

Other Road Funds

These funds are not appropriated – they are disbursed by statutory formula and allocations

- **Transfer of Jurisdiction (Iowa Code section 313.4(6))**

- ◆ Receives 1.75% of Primary Road Fund's RUTF distribution
- ◆ Transfers to counties and cities per Code formula
- ◆ Sunsets FY 2013, after that time, 1.75% will continue to come from the PRF and be divided - 90.0% counties and 10.0% cities

- **TIME-21 Fund (Iowa Code chapter 312A)**

- ◆ Per SF 2420 – receives registration fee revenue in excess of \$392.0 million, and increases from trailer registration fees and title and salvage title fees
- ◆ Statutory formula disbursement – 60.0% Primary Road Fund (State), 20.0% Secondary Road Fund (counties), and 20.0% Street Construction Fund (cities)
- ◆ Sunsets FY 2028, after these revenues will deposit in the RUTF

- **Statutory Allocations Fund (Iowa Code section 321.145)**

- ◆ Per SF 2420 – receives driver's license fees, nonoperator identification card fees, trailer registration fees, title and salvage title fees, title surcharge fees, use tax, and car rental tax
- ◆ Statutory allocations – Underground Storage Tank Loan Fund, public transit assistance, Motorcycle Rider Education Fund, Special Plates Fund, balance to RUTF

FY 2013 DOT Budget Recommendations

- The DOT and Governor recommend \$350.8 million, an increase of \$4.9 million compared to estimated FY 2012
- The recommendation includes \$47.6 million from the RUTF and \$303.2 million from the PRF
- The Highway budget unit is an overall net increase of \$1.8 million compared to estimated FY 2012
- Significant special purpose recommendations include:
 - ◆ Equipment Replacement – Maintaining the FY 2012 funding level, \$5.4 million, for inventory and equipment replacement
 - ◆ Workers' Compensation – An increase of \$45,000 for workers' compensation payments
 - ◆ DAS – An increase of \$19,000 for personnel and utility services from the DAS
- Significant DOT capitals for FY 2013 that were previously enacted in HF 683 (FY 2012 Transportation Appropriations Act) are maintained by the Governor's recommendations

Infrastructure Funding Sources

- Current
 - ◆ Rebuild Iowa Infrastructure Fund (RIIF)
 - ◆ Technology Reinvestment Fund (TRF)

- Other
 - ◆ *Bond Proceeds from Tax-Exempt Bonds*
 - *Revenue Bonds Capitals Fund (RBC)*
 - *Revenue Bonds Capitals II Fund (RBC2)*
 - *FY 2009 Prison Bonding Fund (PBF)*

Rebuild Iowa Infrastructure Fund

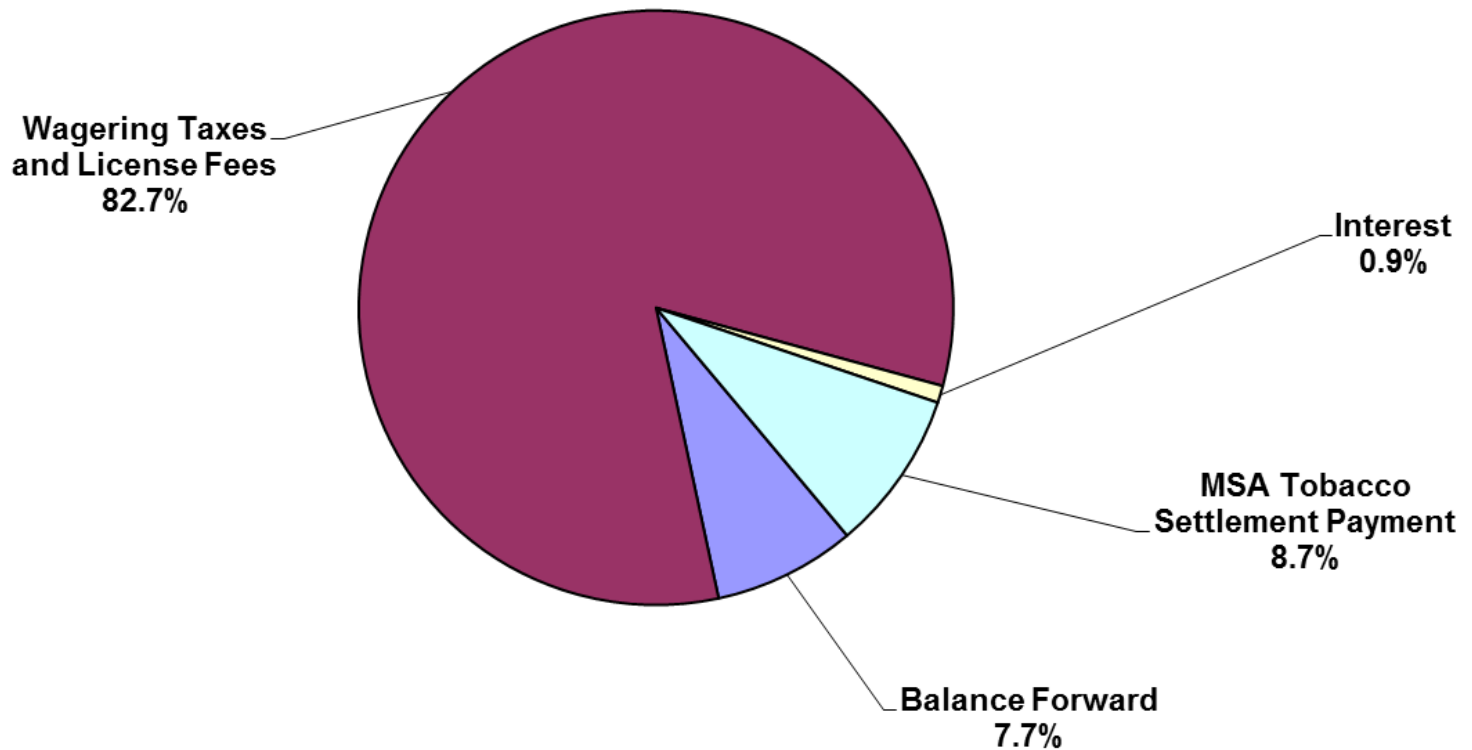
- RIIF is established in Iowa Code section 8.57(6)
- RIIF purpose is for vertical infrastructure
 - ◆ Definition in Iowa Code section 8.57(6)(c) is:
 - *Moneys in the fund in a fiscal year shall be used as directed by the general assembly for public vertical infrastructure projects. For the purposes of this subsection, “vertical infrastructure” includes only land acquisition and construction, major renovation and major repair of buildings, all appurtenant structures, utilities, site development, and recreational trails. “Vertical infrastructure” does not include routine, recurring maintenance or operational expenses or leasing of a building, appurtenant structure, or utility without a lease–purchase agreement.*
 - ◆ If project does not meet definition – “notwithstanding” used
- HF 648 of 2011 Legislative Session expanded the definition to include:
 - ◆ *“debt service payments on academic revenue bonds issued in accordance with Chapter 262A”*

RIIF – Revenues

- Current revenue sources:
 - ◆ Remainder of State wagering taxes after other Iowa Code section 8.57 allocations are made
 - ◆ Interest earnings from the Cash Reserve and Economic Emergency Fund (rainy day funds)
 - ◆ Interest earnings from RIIF and the Environment First Fund
 - ◆ Unsecuritized 22.0% of tobacco settlement payments

RIIF Revenues by Source

Estimated FY 2013



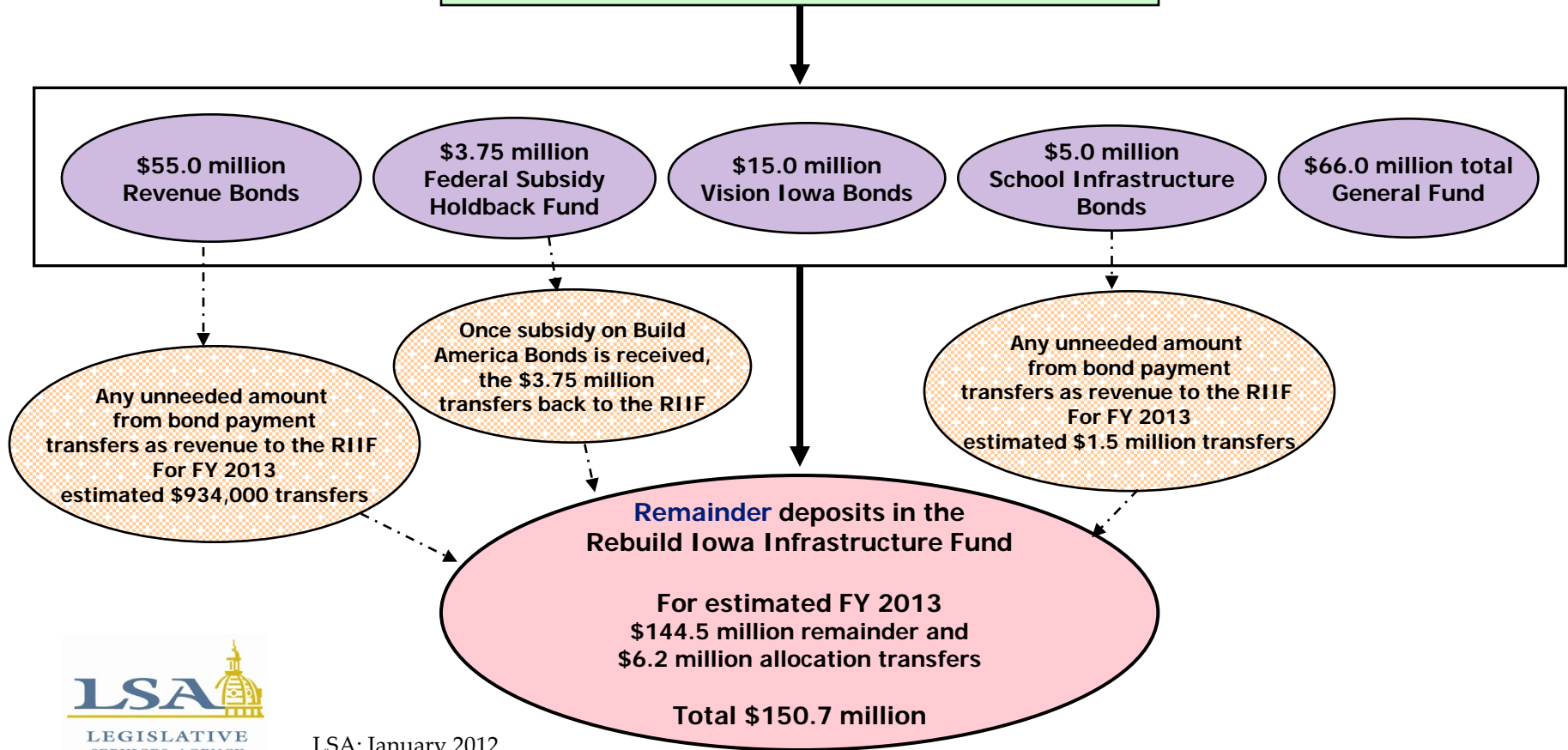
Distribution of State Wagering Taxes

Iowa Code section 8.57(6) Allocations

**Land-based and riverboat casinos
pay State wagering taxes**

Estimated FY 2013 - \$289.2 million*

*includes related license fees paid



RIIF Summary Balance Sheet

Current Law Appropriations and Estimates as of December 2011

(dollars in millions)

	Actual FY 2010	Actual FY 2011	Est. FY 2012	Est. FY 2013	Est. FY 2014
<u>Revenues</u>					
Balance Forward	\$ -5.4	\$ 6.3	\$ 16.8	\$ 14.0	\$ 0.0
Wagering Taxes/Related Fees	188.1	125.9	141.4	144.5	144.5
Wagering Taxes - Transfers from TOS*	0.0	19.3	6.2	6.2	6.2
Interest	4.9	1.6	1.6	1.7	1.8
Other Revenue	8.4	0.0	0.0	0.0	0.0
Tobacco Settlement/Endowment Transfer	16.7	17.0	15.9	15.9	16.0
Total Revenues	<u>212.7</u>	<u>170.1</u>	<u>181.9</u>	<u>182.3</u>	<u>168.5</u>
<u>Appropriations</u>					
Environment First Fund**	42.0	33.0	33.0	35.0	42.0
Housing Trust Fund**	3.0	1.0	3.0	3.0	3.0
Technology Reinvestment Fund***	14.5	10.0	15.5	0.0	0.0
Grow Iowa Values Fund***	23.0	38.0	15.0	0.0	0.0
Other Appropriations	124.3	71.4	101.4	86.5	72.7
Total Appropriations	<u>206.8</u>	<u>153.4</u>	<u>167.9</u>	<u>124.5</u>	<u>117.7</u>
Reversions	-0.4	-0.1	0.0	0.0	0.0
Available for Appropriation				57.8	50.8
Ending Balance	<u>\$ 6.3</u>	<u>\$ 16.8</u>	<u>\$ 14.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

*Beginning FY 2011, the transfer from the Treasurer of State (TOS) includes the unneeded amounts for debt service on the revenue bonds issued in 2009 and 2010, the transfer back from the wagering tax allocation (\$3.75 million) for the Federal Subsidy Holdback Fund once the subsidy is received, and the amount unneeded from the debt service on the school infrastructure bonds (approximately \$1.5 million).

**Standing appropriation.

***Normally funded by the General Fund.

RIIF FY 2013 Appropriations

Standing and Previously Enacted – Current Law

Environment First Fund	\$ 35,000,000
Regents - ISU - Ag/Biosystems Engineering Complex Phase II	20,800,000
DOC - ISP Fort Madison Construction and FFE Costs	18,269,124
DOC - ICIW Mitchellville Expansion and FFE Costs	14,170,062
Regents - UI - Dental Science Building	12,000,000
Regents - UNI - Bartlett Hall Renovation	8,286,000
Community Attraction and Tourism Grants	5,000,000
DNR - State Park Infrastructure	5,000,000
State Housing Trust Fund	3,000,000
Regents - Fire Safety and ADA Compliance	2,000,000
DOC - Prison Construction Management	1,000,000
Total	<u>\$ 124,525,186</u>

Other Infrastructure-Related Funds

- Technology Reinvestment Fund (TRF)
 - ◆ Standing appropriation of \$17.5 million from the General Fund
 - For FY 2009 – FY 2012 funding shifted to the RIIF
 - Reduced funding levels for FY 2010 – FY 2012
 - Slated to resume from General Fund in FY 2013
- Bond proceeds funds – restricted capital
 - ◆ Revenue Bonds Capitals Fund (RBC)
 - ◆ Revenue Bonds Capitals II Fund (RBC2)
 - ◆ FY 2009 Prison Bonding Fund (PBF)
 - ◆ As the bond-related funds earn interest, some additional funds will be available

Infrastructure - Governor's Recommendations

- \$134.0 million from the RIIF*
- \$15.0 million from the TRF
- Changes to current law FY 2013 appropriations
 - ◆ Reduce by \$8.0 million
- Items moving from RIIF to General Fund
 - ◆ Floodplain Management
 - ◆ Iowa Flood Center
 - ◆ Military Home Ownership Program
- Shift from General Fund to the RIIF
 - ◆ Funding the TRF from the RIIF rather than GF

**Does not reflect appropriations from the RIIF to the EFF or TRF to avoid double counting.*

RIIF FY 2013 Appropriations

Standing and Previously Enacted

Changes proposed by Governor's Recommendations

Appropriation	Current Law FY 2013	Gov Recs FY 2013
Environment First Fund	\$ 35,000,000	\$ 33,000,000
Regents - ISU - Ag/Biosystems Engineering Complex Phase II	20,800,000	20,800,000
DOC - ISP Fort Madison Construction and FFE Costs	18,269,124	18,269,124
DOC - ICIW Mitchellville Expansion and FFE Costs	14,170,062	14,170,062
Regents - UI - Dental Science Building	12,000,000	12,000,000
Regents - UNI - Bartlett Hall Renovation	8,286,000	8,286,000
Community Attraction and Tourism Grants	5,000,000	0
DNR - State Park Infrastructure	5,000,000	5,000,000
State Housing Trust Fund	3,000,000	2,000,000
Regents - Fire Safety and ADA Compliance	2,000,000	2,000,000
DOC - Prison Construction Management	1,000,000	1,000,000
Total	<u>\$ 124,525,186</u>	<u>\$ 116,525,186</u>

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